

Message Text

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ACTION EB-08

INFO OCT-01 EUR-12 ISO-00 IO-13 AID-05 CIAE-00 COME-00
FRB-03 INR-10 NSAE-00 ICA-11 TRSE-00 XMB-02
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AID/FODAG

E.O. 11652: N/A
TAGS: FAO, IFAD, OCON
SUBJECT: IFAD EXECUTIVE BOARD MEETING, SECOND SESSION, APRIL 10-13,
1978

REF: (A) ROME 6994, (B) ROME 6686

1. IFAD CATEGORY I MEMBERS HELD A MEETING APRIL 19 TO REVIEW
SECOND SESSION OF IFAD EXECUTIVE BOARD (EB). UK MEMBER OF EB
LED OFF WITH GENERAL REVIEW THAT FOLLOWED LINES OF REFTEL REPORT
OF MEETING.

2. UK COMMENTED FAVORABLY ON GOOD WORKING ATMOSPHERE ON BOARD.
HE SINGLED OUT SHIHATA OF KUWAIT AND LIMAN OF NIGERIA FOR SPECIAL
PRAISE. HE ALSO COMMENTED FAVORABLY ON WILL OF IFAD SECRETARIAT
AND AL-SUDEARY, IFAD PRESIDENT, WHO RAN A GOOD MEETING AND WAS IN
COMMAND, ESPECIALLY FIRST TWO DAYS. BOARD'S POSTPONEMENT OF ONE
PROJECT CLEARLY UPSET HIM. LAST DAY OF EB EVERYBODY SPOKE, IN-
CLUDING ALTERNATES, AND RESULTS WERE CONFUSING.

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3. PECKHAM BELIEVED DECISION TO ADOPT DRAFT LENDING CRITERIA AS
IS FOR A TRIAL PERIOD OF ONE YEAR WAS GOOD DECISION. HE ALSO
SUPPORTED AGREEMENT ON INTERPRETATIVE NOTE THAT TWO-THIRDS OF
FUND'S RESOURCES WOULD BE USED IN PROJECTS PRIMARILY TO
COUNTRIES WITH PER CAPITA INCOMES OF DOL. 300 OR LESS UNDER
FUND'S EASIEST TERMS OF 1 PERCENT FOR 50 YEARS. (OF POSSIBLE

INTEREST IN THIS REGARD WAS FAO ADG YRIART'S COMMENT APRIL 17 TO U.S. REP THAT THIS EMPHASIS COULD WELL RESULT IN IFAD FUNDING MORE PROJECTS OF SMALLER SIZE--GIVEN SMALL SIZE OF MOST COUNTRIES IN UNDER DOL. 300/CAPITA INCOME. THIS WOULD MEAN HEAVIER PER PROJECT COSTS AND PERSONNEL NEEDS FOR FAO INVESTMENT CENTER WORK ON PROJECT IDENTIFICATION, DESIGN, AND APPRAISAL.)

4. PECKHAM NOTED THE BOARD HAD PUT OFF A THORNY ISSUE ON PROCUREMENT TO NEXT BOARD MEETING. U.S. EMPHASIZED SERIOUSNESS OF ISSUE BECAUSE OF SECONDARY BOYCOTT QUESTION.

5. PECKHAM DOUBTED GUYANA PROJECT, DEFERRED UNTIL NEXT BOARD MEETING, WOULD BE APPROVED AT EASIEST TERMS SINCE GUYANA'S PER CAPITA INCOME IS AT DOL. 510 LEVEL.

6. PECKHAM NOTED TANZANIA PROJECT HAD BEEN APPROVED, BUT BOARD MEMBERS FROM UK, CANADA AND JAPAN HAD BEEN GIVEN RIGHT TO SUBMIT COMMENTS IN WRITING BY MAY 15.

7. BORIN, ITALY, NOTED AGREEMENT TO PAY FOR SECURITY FORCE AT DOL. 300,000 A YEAR AND APPROVAL OF 10 ADDITIONAL GENERAL SERVICE POSTS WHICH WILL RAISE IFAD'S PERSONNEL CEILING TO 99 PEOPLE--RR PROFESSIONALS AND 55 GENERAL STAFF. HE ALSO NOTED THE POSTPONEMENT OF THE ISSUE OF THE 3.5 PERCENT SALARY ADJUSTMENT REQUESTED BECAUSE THERE ARE NO COMMISSARY PRIVILEGES AT LIMITED OFFICIAL USE

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IFAD.

8. STAHL, SWEDEN, REPORTED THAT IFAD HAD 17 REQUESTS FOR LOAN PROJECT TEAMS AND WAS ACTIVELY CONSIDERING 7, IN HAITI, SIERRA LEONE, INDONESIA, NEPAL, ECUADOR, BOLIVIA AND ZAIRE. FORNWTHE NEXT BOARD MEETING NOT MORE THAN 3 OR 4 PROJECTS WILL BE PRESENTED, AND EVEN THIS NUMBER IS DOUBTFUL SINCE ALL DOCU-MENTATION MUST BE READY FOR DISTRIBUTION AT LEAST ONE MONTH IN ADVANCE. UK EMPHASIZED THEIR INSISTENCE ON THIS LATTER POINT.

9. PECKHAM INDICATED THAT NEXT, THIRD EB MEETING IS SCHEDULED FOR JULY 18-21, WHICH ARE NEW DATES. CATEGORY I MEETING THOUGHT THAT THIS WAS GOOD IN THAT CATEGORY I COUNTRIES COULD TRY AND MEET MONDAY, JULY 17, TO DISCUSS AGENDA AND POSITIONS. FOURTH EB MEETING IS SCHEDULED FOR OCTOBER 23-26 WHICH OVERLAPS WITH JUST SCHEDULED COMMITTEE ON FOOD AID POLICIES, OCT. 23-31.

10. SINCE PECKHAM OMITTED THE ENCASHMENT ISSUE IN HIS REPORT, CANADA RAISED IT. U.S. REP TOOK OCCASION TO RECAPITULATE U.S. VIEW OF ENCASHMENT ISSUE BRIEFLY, NOTING: (1) U.S. SATISFAC-TION THAT IFAD BOARD RESOLUTION CLEARLY ACCEPTED PROJECTED DIS-

BURSEMENTS AS BASIS FOR ENCASHMENT OF PROMISSORY NOTES; (2) U.S. SKEPTICISM ABOUT REALISM OF DOL. 100 MILLION DISBURSEMENT PROJECTION FOR 1978; (3) U.S. HOPE THAT IFAD PRESIDENT WILL GIVE US A MORE REALISTIC 1979 PROJECTION AT THE END OF THE YEAR AS A BASIS FOR ENCASHMENT OF PROMISSORY NOTES NAD THAT OTHER BOARD MEMBERS WILL SUPPORT SUCH A REQUEST. IN CONFUSED DISCUSSION OF EFFECT OF RESOLUTION ON ENCASHMENT RESOLUTION (REFTEL B) ADOPTED BY BOARD, U.S. DEP. REP. MADE CLEAR U.S. ABSTENTION WAS BECAUSE WE DO NOT AGREE THAT DOL. 100 MILLION IS A REALISTIC ESTIMATE OF ESTIMATED IFAD EXPENDITURES IN 1978 WHICH IS THE BASIS FOR ENCASHMENT UNDER IFAD'S BASIC TEXTS. PECKHAM NOTED UK AGREES WITH U.S. THAT ENCASHMENT SHOULD BE ON BASIS DISBURSEMENTS.

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11. COMMENT: WE UNDERSTAND AL-SUDEARY HAS CABLED AID DIRECTOR GILLIGAN ON ENCASHMENT ISSUE AND U.S. ABSTENTION. WE DO NOT SEE THAT THERE CAN BE ANY DOUBT ABOUT WHAT OUR OBLIGATION IS UNDER THAT RESOLUTION AND SOONER WE ACKNOWLEDGE THAT THE BETTER. IT IS WORTH NOTING THAT WE HAVE RECEIVED NO NEGATIVE COMMENTS ON U.S. HANDLING OF ENCASHMENT ISSUE AT IFAD BOARD, DESPITE ISOLATED NATURE OF OUR POSITION. AT LEAST THREE BOARD MEMBERS, ACTUALLY ONE FROM EACH CATEGORY, VOLUNTEERED TO US THEIR APPRECIATION FOR U.S. BOARD MEMBER'S HANDLING OF THIS ISSUE AND OF HIGH CALIBER OF HIS OVERALL CONTRIBUTION TO BOARD MEETING. REGARDLESS OF WHAT INTERESTED WASHINGTON AGENCIES MAY WISH TO DECIDE NOW OR LATER WITH RESPECT TO OUR VOTE ON IFAD BOARD RESOLUTION ON ENCASHMENT, WE RECOMMEND THAT WE BE AUTHORIZED NOW TO RE-CONFIRM TO PRESIDENT AL-SUDEARY THAT HE HAS AUTHORITY TO PROCEED TO DRAW DOWN DO. 20 MILLION OF U.S. PROMISSORY NOTES UNDER THE IFAD BASIC TEXTS AND THE ENCASHMENT RESOLUTION ON THE BASIS OF PROSPDXCTIVE RATE OF DISBURSEMENS OF DOL. 100 MILLION IN 1978.GARDNER

NOTE BY OC/T: MESSAGE DELAYED IN TRANSMISSION.

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